

Date: Thu, 13 May 2010 09:38:35 -0500
Subject: Re: E discovery/united central bank v kanan/Kanan ESI - data map
From: Paresh Joshi <pjoshi@kanangroup.com>
To: Eric Grossman <egrossman@bbn-law.com>
Cc: Mehul Shah <mshah@kanangroup.com>, "Alan R. Borlack" <aborlack@bbn-law.com>

Eric,
Currently First Midwest is working with Associated Bank (From whom we have leased the computers residing at the warehouse) to resolve the matter between them. The computers are still at the warehouse. I will update you today or tomorrow after getting more details.
Paresh

On Thu, May 13, 2010 at 9:07 AM, Eric Grossman <<mailto:egrossman@bbn-law.com>egrossman@bbn-law.com> wrote:

Paresh:

Where do we stand on this? Our best course of action is to have a completed data map to show the Court on the 19th, especially given that as per my letter to Vilia we have pointed out the adverse effect from UCB's refusal to provide a data map.

If we are to have any kind of complete or near complete data map, we need to have control of the server immediately so that Matt can come down and generate content information.

Let me know.

Eric

on 5/11/10 9:23 AM, Eric Grossman at <mailto:egrossman@bbn-law.com>egrossman@bbn-law.com wrote:

Paresh:

FSRDG has completed data mapping the personal computers and servers located at the Oak Brook offices. What is the status on item 1 from my 4/26 email below:

>> 1. You are to transport from the warehouse, the sever located there, as well as any other personal computers. All are to be brought to the Oak Brook office and placed in a secure room.



Date: Fri, 21 May 2010 17:44:56 -0500
Subject: RE: united central bank v kanan/Judge Mason's order of
5-20-10/Kanan Custodians/Data Map
From: Eric Grossman <egrossman@bbn-law.com>
To: "Vilia M. Dedinas" <VDedinas@boodlaw.com>
CC: Brad Block <brad.block@bradblocklaw.com>,
"Alan R. Borlack" <aborlack@bbn-law.com>

Vilia:

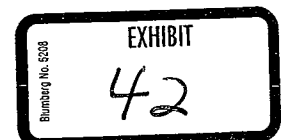
Please see the attached first iteration of Kanan's data map
(CustodianAccounts.pdf, Software Installed.pdf and ServersIdentified.pdf)
and the list of Kanan custodians (Custodians.pdf).

Eric

Eric Grossman
Bailey Borlack Nadelhoffer LLC
135 South LaSalle St., Suite 3950
Chicago, IL 60603
312.629.1772
312.629.0174 (fax)
312.607.1503 (cell)

This email message may contain confidential, copyrighted, or other legally
protected information. If you are not the intended recipient (even if the
email address above is yours), you may not use, copy, or retransmit it. If
you have received this email by mistake, please delete it immediately, and
notify us promptly by return email or by telephone at 312.629.2700. Thank
you.

Attachment converted: ARB Macintosh:CustodianAccounts.PDF (PDF /«IC»)
(00210612)
Attachment converted: ARB Macintosh:Software Installed.PDF (PDF /«IC»)
(00210613)
Attachment converted: ARB Macintosh:ServersIdentified.PDF (PDF /«IC»)
(00210614)
Attachment converted: ARB Macintosh:Custodians.PDF (PDF /«IC») (00210615)



Date: Tue, 25 May 2010 11:15:40 -0500
Subject: Re: E discovery/united central bank v kanan/Kanan ESI - data
map/creative warehousing server
From: Eric Grossman <egrossman@bbn-law.com>
To: Paresh Joshi <pjoshi@kanangroup.com>
CC: Mehul Shah <mshah@kanangroup.com>,
"Alan R. Borlack" <aborlack@bbn-law.com>

Paresh:

Yesterday in our telephone call you indicated that you are still working on getting control of the warehouse server. This must be accomplished. We cannot afford further delay.

When we discussed this a month ago on 4/26 (see below), you did not indicate there were any issues in getting control and you said you would be transporting the server from the warehouse. In fact, Vilia had raised the issue on April 14 that "Finally, my client has heard that there are third-parties who claim to have a secured interest in Creative Warehousing/Kanan Fashions computer system and intend to seek repossession of it. Please advise if this is the case and what steps Kanan Fashions intends to take to preserve the computer system and/or electronic data while this lawsuit is pending." I asked you about this on 4/16 and your response was that you were "not aware of any suit or notice about possession." Please see the attached email. I subsequently informed Vilia there were no issues.

Now that we have produced on 5/19 the first iteration of the data map, Vilia has asked whether this includes Creative Warehousing. It of course does not as the Warehouse server has not been made available for review. I can only respond at this point to Vilia that "The server at the Warehouse is not yet included in the Data Map, but will be included with the next iteration which we anticipate we will have in the next week or two."

One way or another we have to have information about the server and as soon as possible. But one of two things must happen, either get control of the server, or have a copy of the server contents made by the IT person that will be hired. If the latter, let's discuss the proper process.

Please advise.

Thank you.

Eric

Eric Grossman
Bailey Borlack Nadelhoffer LLC



Date: Thu, 27 May 2010 13:55:57 -0500
Subject: Re: united central bank/Ray Fugiel/ESI
From: Eric Grossman <egrossman@bbn-law.com>
To: Paresh Joshi <pjoshi@kanangroup.com>
CC: Mehul Shah <mshah@kanangroup.com>,
"Alan R. Borlack" <aborlack@bbn-law.com>

Paresh:

In confirmation of our conference call yesterday with you, Ray Fugiel and Bill Spernow, the following matters were discussed and action items (underlined> are as noted. If I got anything wrong or I overlooked anything, please let me know.

REDACTED



REDACTED

6. Warehouse IT systems.

a. I again asked you about the status of obtaining control of the warehouse server or a copy of its contents. You indicated you were working on it and should know more today. Please advise.

b. Bill asked about the warehouse IT systems in general. You indicated that except for the server, all personal computers from the warehouse had been moved to Oak Brook and were part of the computer inventory Matt Denecke took when he was on-site on May 3. Bill asked whether we are able to identify those computers specifically, and Ray responded that it would not be possible because they are mixed together with the other computers, and as noted in 5.b above, no record or log was kept as to what computers were moved where, or where computers were located, or what users used any specific computer.

c. The warehouse had its own T1 line, firewall and switching router, and there was no other router that would change configurations.

d. There was a vpn from the warehouse to Oak Brook, and the contracting company that did the exchange and back up system set up the vpn.

REDACTED

I think this covers it, but again, let me know if there is anything wrong or overlooked.

Eric

Eric Grossman
Bailey Borlack Nadelhoffer LLC
135 South LaSalle St., Suite 3950
Chicago, IL 60603
312.629.1772
312.629.0174 (fax)
312.607.1503 (cell)

This email message may contain confidential, copyrighted, or other legally protected information. If you are not the intended recipient (even if the email address above is yours), you may not use, copy, or retransmit it. If you have received this email by mistake, please delete it immediately, and notify us promptly by return email or by telephone at 312.629.2700. Thank

Date: Wed, 02 Jun 2010 10:11:15 -0500
Subject: Re: united central bank/Ray Fugiel/Kanan ESI
From: Eric Grossman <egrossman@bbn-law.com>
To: Paresh Joshi <pjoshi@kanangroup.com>
CC: Mehul Shah <mshah@kanangroup.com>,
"Alan R. Borlack" <aborlack@bbn-law.com>

Paresh:

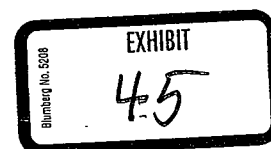
Please advise as to status on the following action items from the below
(now bolded). My additional notes are in red.

Eric

on 5/27/10 1:55 PM, Eric Grossman at egrossman@bbn-law.com wrote:

Paresh:

REDACTED



6. Warehouse IT systems.

a. I again asked you about the status of obtaining control of the warehouse server or a copy of its contents. You indicated you were working on it and should know more today. Please advise. This is also an absolute priority. We must secure either possession or a copy of contents. We must gain some knowledge of what is on this server so that it can be added to the data map.

b. Bill asked about the warehouse IT systems in general. You indicated that except for the server, all personal computers from the warehouse had been moved to Oak Brook and were part of the computer inventory Matt Denecke took when he was on-site on May 3. Bill asked whether we are able to identify those computers specifically, and Ray responded that it would not be possible because they are mixed together with the other computers, and as noted in 5.b above, no record or log was kept as to what computers were moved where, or where computers were located, or what users used any specific computer.

c. The warehouse had its own T1 line, firewall and switching router, and there was no other router that would change configurations.

d. There was a vpn from the warehouse to Oak Brook, and the contracting company that did the exchange and back up system set up the vpn.

REDACTED

I think this covers it, but again, let me know if there is anything wrong or overlooked.

Eric

Eric Grossman
Bailey Borlack Nadelhoffer LLC
135 South LaSalle St., Suite 3950
Chicago, IL 60603
312.629.1772
312.629.0174 (fax)
312.607.1503 (cell)

This email message may contain confidential, copyrighted, or other legally protected information. If you are not the intended recipient (even if the email address above is yours), you may not use, copy, or retransmit it. If you have received this email by mistake, please delete it immediately, and notify us promptly by return email or by telephone at 312.629.2700. Thank you.

Date: Fri, 04 Jun 2010 14:59:14 -0500
Subject: Re: united central bank/Ray Fugiel/Kanan ESI
From: Eric Grossman <egrossman@bbn-law.com>
To: Paresh Joshi <pjoshi@kanangroup.com>
CC: Mehul Shah <mshah@kanangroup.com>,
"Alan R. Borlack" <aborlack@bbn-law.com>

Paresh:

Yesterday at your office we discussed the items below - now in blue:

Eric

on 6/2/10 10:21 AM, Paresh Joshi at pjoshi@kanangroup.com wrote:

Eric,

I will address the listed items during the later part of the day once I reach office.

Paresh

On Wed, Jun 2, 2010 at 10:11 AM, Eric Grossman <egrossman@bbn-law.com> wrote:

Paresh:

Please advise as to status on the following action items from the below (now bolded). My additional notes are in red.

Eric

on 5/27/10 1:55 PM, Eric Grossman at egrossman@bbn-law.com wrote:

Paresh:

REDACTED



6. Warehouse IT systems.

a. I again asked you about the status of obtaining control of the warehouse server or a copy of its contents. You indicated you were working on it and should know more today. Please advise. This is also an absolute priority. We must secure either possession or a copy of contents. We must gain some knowledge of what is on this server so that it can be added to the data map. This is still in process. I indicated again, that we either need possession of the server, or to be allowed on-site so that a copy of the server can be made and contents determined.

b. Bill asked about the warehouse IT systems in general. You indicated that except for the server, all personal computers from the warehouse had been moved to Oak Brook and were part of the computer inventory Matt Denecke took when he was on-site on May 3. Bill asked whether we are able to identify those computers specifically, and Ray responded that it would not be possible because they are mixed together with the other computers,

and as noted in 5.b above, no record or log was kept as to what computers were moved where, or where computers were located, or what users used any specific computer.

c. The warehouse had its own T1 line, firewall and switching router, and there was no other router that would change configurations.

d. There was a vpn from the warehouse to Oak Brook, and the contracting company that did the exchange and back up system set up the vpn.

REDACTED

I think this covers it, but again, let me know if there is anything wrong or overlooked.

Eric

Eric Grossman
Bailey Borlack Nadelhoffer LLC
135 South LaSalle St., Suite 3950
Chicago, IL 60603
312.629.1772
312.629.0174 (fax)

Date: Wed, 07 Jul 2010 14:01:44 -0500
Subject: Re: united central bank v kanan/ray/esi/Kanan systems
From: Eric Grossman <egrossman@bbn-law.com>
To: Paresh Joshi <pjoshi@kanangroup.com>
CC: "Alan R. Borlack" <aborlack@bbn-law.com>,
Mehul Shah <mshah@kanangroup.com>,
Daniel Garrie <dgarrie@fsrdg.com>

Paresh:

REDACTED

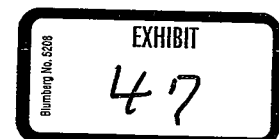
Finally, as you know, access to/possession of the warehouse server remains an issue. Lou must be provided with access to the warehouse server, so that we can be informed about its configuration and contents. Please address this component with Lou immediately and keep me posted.

Thanks

Eric

Eric Grossman
Bailey Borlack Nadelhoffer LLC
135 South LaSalle St., Suite 3950
Chicago, IL 60603
312.629.1772
312.629.0174 (fax)
312.607.1503 (cell)

This email message may contain confidential, copyrighted, or other legally protected information. If you are not the intended recipient (even if the email address above is yours), you may not use, copy, or retransmit it. If you have received this email by mistake, please delete it immediately, and



Date: Fri, 23 Jul 2010 09:35:17 -0500
Subject: Re: united central bank v kanan/ray/esi/Kanan systems
From: Eric Grossman <egrossman@bbn-law.com>
To: Paresh Joshi <pjoshi@kanangroup.com>
CC: "Alan R. Borlack" <aborlack@bbn-law.com>,
Mehul Shah <mshah@kanangroup.com>,
Daniel Garrie <dgarrie@fsrdg.com>

Paresh:

In response to your vm to me last night concerning whether Lou has further work to accomplish and needs continue on-site full time, I spoke to Lou this morning and he will be in today to have you sign his time sheet.

Otherwise, I think he will be able to step back a bit as it is my understanding that Lou has completed the following:

REDACTED

10. Has provided information needed for the response to villa S 7/14/10 letter, but as noted below, I cannot complete the response until the warehouse server is made available for review and analysis.

Lou has some remaining tasks and he should be able to complete this over the course of the next week (but as noted in item #3 below, he needs warehouse server access):

REDACTED

3. Warehouse ESI systems review, including any servers located there.



When will this be made available? I have continuously raised this issue beginning nearly 3 months ago on April 26 (see the attached email threads) and there has been no progress. Lou also tells me that he has asked you when he will be able to obtain access and your last information was that Mehul was going to address this when he returned from overseas this week on Monday. We simply must have access immediately and cannot afford further delay. PLEASE ADDRESS THIS IMMEDIATELY AND LET ME KNOW!!!

Eric

on 7/7/10 2:01 PM, Eric Grossman at egrossman@bbn-law.com wrote:

REDACTED

Eric Grossman
Bailey Borlack Nadelhoffer LLC
135 South LaSalle St., Suite 3950
Chicago, IL 60603
312.629.1772
312.629.0174 (fax)
312.607.1503 (cell)

Date: Fri, 23 Jul 2010 10:45:10 -0500
Subject: Re: united central bank v kanan/ray/esi/Kanan systems
From: Paresh Joshi <pjoshi@kanangroup.com>
To: Eric Grossman <egrossman@bbn-law.com>
Cc: "Alan R. Borlack" <aborlack@bbn-law.com>, Mehul Shah
<mshah@kanangroup.com>,
Daniel Garrie <dgarrie@fsrdg.com>

Eric,
Thanks for the recap.

REDACTED

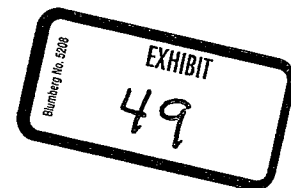
I do not have any updates on the warehouse issue. Mehul was to arrive on Monday but then he was delayed. Will keep you posted as soon as I know more.

Paresh

On Fri, Jul 23, 2010 at 9:35 AM, Eric Grossman <<mailto:egrossman@bbn-law.com>egrossman@bbn-law.com> wrote:

Paresh:

REDACTED



BAILEY BORLACK NADELHOFFER LLC
ATTORNEYS

135 South La Salle Street
Suite 3950
Chicago, Illinois 60603
Telephone: 312 629 2700
Fax: 312 629 0174
www.bbn-law.com

Via Email

Privileged And Confidential

August 4, 2010

Mr. Mehul Shah
17 W. 220 22nd St., Suite 220
Oak Brook Terrace, IL 60181-4477

Re: United Central Bank v. Kanan Fashions, Inc., et. al.; Kanan ESI

Dear Mehul:

There are some serious matters concerning Kanan's IT systems that require your and Paresh's immediate attention. As you know, the Court on May 19, 2010 ordered us to retain a replacement for Ray Fugiel. Kanan then used Robert Half International to provide a contractor, and on June 24, 2010, Kanan retained Lou Smalley. Lou has been on site and has accomplished quite a bit, as detailed in Eric's July 23, 2010 email to Paresh, cc to you (copy attached). But there are still some outstanding items that must be resolved as follows:

Warehouse Server

Since April 26, 2010, we have advised that we must have access to the Warehouse server, but there has been no access. Please see Eric's July 23, 2010 email as well as the attached email threads indicating that the issue was raised April 26, April 28, May 11, May 13, May 27, June 2, June 4, July 7 and July 23. If we are not provided with access to the warehouse server then we are unable to complete data mapping of Kanan's ESI systems, much less provide any ESI



Mr. Mehul Shah
August 4, 2010
Page 2

BAILEY BORLACK NADELHOFFER LLC
ATTORNEYS

that evidences Kanan inventory. In fact, we are due to go back to Court on August 26 with ESI liaisons and you can be sure that if this issue is not closed out by that time (meaning that we have had access and sufficient time to review the state of that system), then opposing counsel will be sure to leverage this issue against us. It is likely that opposing counsel will use this to support its fraud claim, and may raise an evidence spoliation claim. I cannot stress enough that we must, absolutely must, be provided with access to the warehouse server as soon as possible.

REDACTED

Mr. Mehul Shah
August 4, 2010
Page 3

BAILEY BORLACK NADELHOFFER LLC
ATTORNEYS

REDACTED

Thank you and we look forward to your prompt response.

Very truly yours,



Alan R. Borlack

cc: Mr. Eric G. Grossman

Date: Thu, 5 Aug 2010 14:42:00 -0500
To: "Eric G. Grossman" <egrossman@bbn-law.com>
From: "Alan R. Borlack" <aborlack@bbn-law.com>
Subject: united central bank v kanan/servers
Cc:
Bcc:
X-Attachments:

This is how I understand today's conversation with Mehul. First Midwest will not give him access to the servers at the warehouse because Associated has a lien on them. Associated originally would not allow Mehul access except if he paid \$300K+ but now have said of if he pays \$60K. (I presume this is for a sale of the servers back to Mehul.) Mehul has said fine, but he needs time to get the money. He has a call into Dave Clark today,

--
Alan R. Borlack
Bailey Borlack Nadelhoffer LLC
135 South LaSalle St., Suite 3950
Chicago, IL 60603
Tel: (312) 629-2700
Fax: (312) 629-0174

The information contained herein is privileged and confidential. It is intended only for the named recipients. If the receiver of this is not such intended recipient, or an employee or agent responsible for delivering this to the intended recipient, dissemination, distribution or reproduction of this communication is strictly prohibited. If you have received this communication in error, please notify the sender immediately by telephone and delete this original transmission.

IRS TAX DISCLOSURE: To ensure compliance with Treasury Department regulations, we inform you that any U.S. federal tax advice contained in this correspondence (including any attachments) is not intended to be, and cannot be, used for the purpose of avoiding penalties that may be imposed under the U.S. Internal Revenue Code or to promote, market, or recommend to another party any transaction or matter.



Date: Fri, 13 Aug 2010 16:44:31 -0500
Subject: Re: UCB v.Kanan/Kanan ESI/warehouse server/email/back up
tapes/Digital Reef
From: Eric Grossman <egrossman@bbn-law.com>
To: Mehul Shah <mshah@kanangroup.com>,
Paresh Joshi <pjoshi@kanangroup.com>
CC: "Alan R. Borlack" <aborlack@bbn-law.com>

Mehul - Paresh:

We are due to go before the Court on August 26 with ESI Liaisons to update the Court on ESI discovery efforts, and per the Court's Order today, are to provide a Joint Status Report on August 24. There are three matters of primary importance:

1. Status of access to the Warehouse servers. Please provide an update.
When Mehul, Alan and I spoke on August 5, Mehul stated that First Midwest will not allow access to the servers at the warehouse because Associated has a lien on them. Associated originally would not allow access except if \$300K+ was paid, but now appears willing to accept \$60K to release liens. Mehul said this is agreeable, but the funds need to be raised. Mehul had call into Dave Clark to discuss.

The bottom line here is that if we haven't obtained access in advance of the August 24 JSR due date, we will have to report this issue as part of the JSR. Indeed, we already owe UCB information about the Warehouse servers, and have delayed response to UCB while we await resolution of this issue. Please advise as to status.

As you know, we hired Lou Smalley as the IT replacement for Ray. His work is mostly accomplished, but if/when the warehouse servers become available, he will be immediately tasked with review of that ESI component.

REDACTED



REDACTED

Eric

Eric Grossman
Bailey Borlack Nadelhoffer LLC
135 South LaSalle St., Suite 3950
Chicago, IL 60603
312.629.1772
312.629.0174 (fax)
312.607.1503 (cell)

This email message may contain confidential, copyrighted, or other legally protected information. If you are not the intended recipient (even if the email address above is yours), you may not use, copy, or retransmit it. If you have received this email by mistake, please delete it immediately, and notify us promptly by return email or by telephone at 312.629.2700. Thank you.

Attachment converted: ARB Macintosh:DR_BBN_Proposal_08112010[6].pdf
(PDF /«IC») (002534E1)

Attachment converted: ARB Macintosh:DR_SOW_BBN08112010[7].pdf (PDF /«IC»)
(002534E2)

Date: Tue, 17 Aug 2010 16:05:47 -0500
Subject: FW: Kanan ESI
From: Eric Grossman <egrossman@bbn-law.com>
To: Paresh Joshi <pjoshi@kanangroup.com>, Mehul Shah <mshah@kanangroup.com>
CC: "Alan R. Borlack" <aborlack@bbn-law.com>

Mehul -Paresh:

The below request from Vilia for additional information makes my 8/13 email (attached) re: the warehouse server and the Digital Reef proposal all the more critical. Please review that email and respond.

I additionally attach my proposed responses to Vilia's 7/14 letter that I sent to Paresh on 7/25 and 8/3 for review. Response to Vilia on these items as well as the below is now critical and must be completed by the end of the week. Paresh informed me last week that he had unsuccessfully attempted to reach Ray to discuss the items flagged in the 7/25 email that only Ray would know about, so now I think we have to acknowledge that fact Ray is not available to us to answer questions that only he would know.

So please see the attached Word document which revises some of the proposed answers. Alan may have some comments on these as well. Paresh - Mehul, please review this in its entirety, Paresh, there are particular items in blue for your particular attention (questions 12, 16, 20, and 24 - 27).

Perhaps youi and I should review each question and the proposed answer. Again, Alan may have some comments as well. Are you available on Thursday morning?

Eric

----- Forwarded Message

From: "Vilia M. Dedinas" <VDedinas@boodlaw.com>
Date: Tue, 17 Aug 2010 09:53:10 -0500
To: Eric Grossman <egrossman@bbn-law.com>
Cc: "Alan R. Borlack" <aborlack@bbn-law.com>
Subject: Kanan ESI

Dear Eric -

I have not received any information from you regarding the letter I sent on July 14th, inquiring about Kanan defendants ESI systems. As you can imagine, it is impossible for us to formulate and finalize ESI requests and search terms without knowing the structure of your systems is and what is available. When do you think you can respond? If you want to do this in a



meeting, please let me know so I can have David Aberman available as well.

Some additional questions I would like you to address are:

- What e-mail addresses were used by the defendant entities? Did everything go to @kanangroup.com, or were different domains such as @kanancruises used? If so, what were they? This affects the searches we will ask for.
- At any time were kanan emails forwarded to a raven email domain? If so, when and to what domain?
- Did any of the Kanan entities use employees or contractors who did not use the kanan server or domain for email? For example, we have seen emails to Dennis Lapin at an aol.com address, and he appears to be an employee, contractor or some sort of agent.
- Were communications by the Kanan entities in English or were other languages used? If so, what languages and/or dialects? This too, will affect search terms we select.

You recently advised me that your emails are available for searching and production. We believe that all business of the Kanan entities after July 31, 2009 was most likely focused on (a) seeking renewal of the loans; (b) attempting to draw on existing financing; (c) attempts to obtain alternative financing; (c) mitigation of damages; (d) liquidation of collateral, (e) winding up of the businesses. These all relate to the key issues in your counterclaims. Accordingly, we would request production of all email from the key custodians from July 31, 2009 to the present. I stress the present because it is our belief that Kanan Cruises is still operating. If that is not correct, please advise.

Obviously, the above is dependent in part on the size of the database that I am requesting. If it reasonable, I think that a production of all said emails is relevant and easiest to produce. If the size is unmanageable, we will make further efforts to generate search terms. We are, however, working on search terms for emails and ESI for an earlier timeframe.

Please advise when you will have the information from my July 14th letter, and when we can confer regarding other discovery issues so that we can file the joint status report on July 24th.

I will be out of the office on Weds and Thursday, July 18 and 19, but can turn my attention to these matters on Friday or Monday, July 20 and 23.

Vilia

Vilia M. Dedinas
Attorney at Law
Boodell & Domanskis, LLC
205 North Michigan Avenue
Suite 4307
Chicago, IL 60601
Phone: (312) 938-4904
Fax: (312) 540-1162
e-mail: vdedinas@boodlaw.com
<mailto:domanskis@boodlaw.com><mailto:domanskis@boodlaw.com>

CIRCULAR 230 DISCLAIMER: ANY ADVICE CONTAINED IN THIS COMMUNICATION IS NOT INTENDED OR WRITTEN TO BE USED, AND IT CANNOT BE USED BY ANY TAXPAYER, FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON THE TAXPAYER.

THIS COMMUNICATION IS INTENDED ONLY FOR THE INDIVIDUAL OR ENTITY TO WHOM IT IS DIRECTED. IT MAY CONTAIN INFORMATION THAT IS PRIVILEGED, CONFIDENTIAL OR OTHERWISE EXEMPT FROM DISCLOSURE UNDER APPLICABLE LAW. DISSEMINATION, DISTRIBUTION OR COPYING OF THIS COMMUNICATION BY ANYONE OTHER THAN THE INTENDED RECIPIENT, OR A DULY DESIGNATED EMPLOYEE OR AGENT OF SUCH RECIPIENT, IS PROHIBITED. IF YOU ARE NOT THE INTENDED RECIPIENT, PLEASE NOTIFY US IMMEDIATELY BY TELEPHONE AND PERMANENTLY DELETE THIS COMMUNICATION AND ANY ATTACHMENTS. THANK YOU.

----- End of Forwarded Message

User-Agent: Microsoft-Entourage/11.4.0.080122
Date: Fri, 13 Aug 2010 16:44:31 -0500
Subject: Re: UCB v.Kanan/Kanan ESI/warehouse server/email/back up tapes/Digital Reef
From: Eric Grossman <egrossman@bbn-law.com>
To: Mehul Shah <mshah@kanangroup.com>, Paresh Joshi <pjoshi@kanangroup.com>
CC: "Alan R. Borlack" <aborlack@bbn-law.com>
Message-ID: <C88B26F2.17C2C%egrossman@bbn-law.com>

Date: Thu, 19 Aug 2010 16:56:19 -0500

Subject: Re: Kanan ESI/united central bank v kanan/mehul and paresh
attendance at 8/26 status before judge mason

From: Eric Grossman <egrossman@bbn-law.com>

To: "Alan R. Borlack" <aborlack@bbn-law.com>

Alan:

During our conference call with Paresh this afternoon, we inquired as to the status of Mehul's efforts to obtain access to and/or control of the warehouse server. Paresh indicated that Mehul was still working on obtaining the funds that Associated wants in order to release its lien.

Paresh said that he mentions this to Mehul on practically a daily basis, but Paresh was not able to provide any indication of when the issue might be resolved. We again stressed the necessity of access and informed Paresh that our failure to be able to access the warehouse server would be seen in a very unfavorable light by Judge Mason and that there would be hell to pay. You stated to Paresh that he and Mehul must attend the 8/26 conference to be available for first-hand statements about warehouse server issue, and so that the Judge could see that we are not hiding from ESI investigations. Paresh said he understood and would inform Mehul accordingly.

Eric

REDACTED



Date: Fri, 20 Aug 2010 10:51:01 -0500
To: Paresh Joshi <pjoshi@kanangroup.com>, Mehul Shah <mshah@kanangroup.com>
From: "Alan R. Borlack" <aborlack@bbn-law.com>
Subject: United Central Bank v Kanan/ESI/8-26-10 ESI status hearing
Cc: Jim Flesch <JAFlesch@lawggf.com>, "Donald E. Glickman" <dglickman@lawggf.com>, "Eric G. Grossman" <egrossman@bbn-law.com>
Bcc:
X-Attachments:

Paresh, per our conference call with Eric yesterday, we inquired as to the status of Mehul's efforts to obtain access to and/or control of the warehouse server. You indicated that Mehul was still working on obtaining the funds that Associated wants in order to release its lien. You were not able to provide any indication of when the issue might be resolved. We again stressed the necessity of access and informed Paresh that our failure to be able to access the warehouse server would be seen in a very unfavorable light by Judge Mason.

Mehul, as I stressed to Paresh and said he would pass on to you, I think it is necessary for you to be at the august 26 hearing. The reason is that we can hope that Judge Mason may be mollified to some extent if he sees you in the flesh and does not have the feeling that you are hiding behind the lawyers. It is possible of course that he may question you. Our hope is that he senses sincerity and good faith.

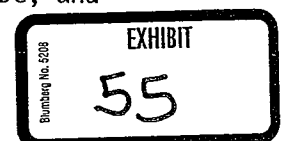
Alan

--

Alan R. Borlack
Bailey Borlack Nadelhoffer LLC
135 South LaSalle St., Suite 3950
Chicago, IL 60603
Tel: (312) 629-2700
Fax: (312) 629-0174

The information contained herein is privileged and confidential. It is intended only for the named recipients. If the receiver of this is not such intended recipient, or an employee or agent responsible for delivering this to the intended recipient, dissemination, distribution or reproduction of this communication is strictly prohibited. If you have received this communication in error, please notify the sender immediately by telephone and delete this original transmission.

IRS TAX DISCLOSURE: To ensure compliance with Treasury Department regulations, we inform you that any U.S. federal tax advice contained in this correspondence (including any attachments) is not intended to be, and



Date: Fri, 20 Aug 2010 10:59:25 -0500
Subject: Re: United Central Bank v Kanan/ESI/8-26-10 ESI status hearing
From: Mehul Shah <mshah@kanangroup.com>
To: "Alan R. Borlack" <aborlack@bbn-law.com>
Cc: Paresh Joshi <pjoshi@kanangroup.com>, Jim Flesch <JAFlesch@lawggf.com>, "Donald E. Glickman" <dglickman@lawggf.com>, "Eric G. Grossman" <egrossman@bbn-law.com>

Alan,
Paresh did pass your message to me yesterday. Paresh & I will be there on August 26 for the hearing with Judge Mason.

REDACTED

Thank you..
Mehul

On Fri, Aug 20, 2010 at 10:51 AM, Alan R. Borlack <<mailto:aborlack@bbn-law.com>aborlack@bbn-law.com> wrote:

Paresh, per our conference call with Eric yesterday, we inquired as to the status of Mehul's efforts to obtain access to and/or control of the warehouse server. You indicated that Mehul was still working on obtaining the funds that Associated wants in order to release its lien. You were not able to provide any indication of when the issue might be resolved. We again stressed the necessity of access and informed Paresh that our failure to be able to access the warehouse server would be seen in a very unfavorable light by Judge Mason.

Mehul, as I stressed to Paresh and said he would pass on to you, I think it is necessary for you to be at the august 26 hearing. The reason is that we can hope that Judge Mason may be mollified to some extent if he sees you in the flesh and does not have the feeling that you are hiding behind the lawyers. It is possible of course that he may question you. Our hope is that he senses sincerity and good faith.

Alan

--

Alan R. Borlack
Bailey Borlack Nadelhoffer LLC
135 South LaSalle St., Suite 3950
Chicago, IL 60603
Tel: (312) 629-2700
Fax: (312) 629-0174



Date: Wed, 25 Aug 2010 16:14:05 -0500
Subject: FW: Kanan Fashions Lease with Associated Bank
From: Eric Grossman <egrossman@bbn-law.com>
To: "Alan R. Borlack" <aborlack@bbn-law.com>

----- Forwarded Message

From: Mehul Shah <mshah@kanangroup.com>
Date: Wed, 25 Aug 2010 16:00:26 -0500
To: "Eric G. Grossman" <egrossman@bbn-law.com>
Subject: Fwd: Kanan Fashions Lease with Associated Bank

----- Forwarded message -----

From: Mehul Shah <mshah@kanangroup.com>
Date: Mon, Aug 9, 2010 at 9:46 AM
Subject: Re: Kanan Fashions Lease with Associated Bank
To: dave.clark@firstmidwest.com

Dave,
I will be in a position to raise the funds necessary to buy back the lease
& the guarantee from FMB by early part of August 16 week.
I am sorry it took me longer than I anticipated to raise these funds
contrary to the end of July as I mentioned on my last email dated June
28,10.

Thank you.

Mehul Shah

On Mon, Jun 28, 2010 at 3:55 PM, Mehul Shah <mshah@kanangroup.com> wrote:

Dave,
As discussed over the phone I would appreciate if associated can be settled
at \$ 60,000. If you feel it is not working out than we should accept this
offer from Associated at \$ 65,000 and proceed to purchase the lease and
guaranty .

As you know I am traveling overseas and won't return until mid July. While
I want to work out lease terms with Darwin Realty when I return, I want to
keep the lease separate from this matter with Associated. So if possible I
would like to have FMB buy the lease and guaranty from Associated as
quickly as Bill can arrange it and once I return to Chicago, I will arrange
to repay FMB the \$65,000 and repurchase the lease and guaranty from you at
that time. You can assume I will be in a position to close on this aspect



with you no later than July end, 2010. Please let me know if this arrangement is satisfactory to you. Thanks again.

Regards,

Mehul

On Mon, Jun 28, 2010 at 8:58 AM, <Dave.Clark@firstmidwest.com> wrote:

The offer from Associated is now at \$65,000 so I think we should settle. Then you should talk to Darwin about the lease.

Dave Clark
Vice President
First Midwest Bank
One Pierce Place
Suite 1500
Itasca, Illinois 60143
Phone: (630) 875-7400

----- Forwarded by Dave Clark/FMBCERT on 06/28/2010 08:55 AM -----

From: William Serritella <wserritella@agdglaw.com>
To: "'Dave.Clark@firstmidwest.com'" <Dave.Clark@firstmidwest.com>
Date: 06/26/2010 06:53 AM
Subject: Fw: Kanan Fashions Lease

Let's talk.

From: Tina Jacobs
To: William Serritella
Cc: Dieterich, James
Sent: Fri Jun 25 15:31:08 2010
Subject: FW: Kanan Fashions Lease
Bill,

After careful consideration and analysis, Associated Bank has authorized me to revise the purchase price for the assignment of lease and guaranty of the Kanan Fashions lease from \$370,000.00 to \$65,000.00. This is obviously a significant reduction in the amount due to the Bank and a minimum amount it can accept to complete this assignment transaction. This counter-offer

is being tendered in good faith and is not intended to solicit further offers, as the Bank is looking to keep all fees and expenses to a minimum.

Please discuss this counter-offer with your client and advise me as soon as possible whether this matter can be settled for the proposed amount.

Thank you.

Tina

From: Tina Jacobs

[<mailto:tjacobs@jonesandjacobs.com>mailto:tjacobs@jonesandjacobs.com
<mailto:tjacobs@jonesandjacobs.com><mailto:tjacobs@jonesandjacobs.com>]

Sent: Friday, June 04, 2010 4:46 PM

To: 'wserritella@agdglaw.com'

Cc: 'Dieterich, James'

Subject: Kanan Fashions Lease

Please see attached.

Tina M. Jacobs, Esq.

Jones & Jacobs

77 W. Washington Street

Suite 2100

Chicago, Illinois 60602

(312) 419-0700 phone

(312) 419-9114 fax

IMPORTANT: This e-mail transmission is intended only for the use of the individual or entity to which it is addressed and may contain information that is privileged, confidential or exempt from disclosure under applicable law. If the reader of this message is not the intended recipient, you are hereby notified that any dissemination, distribution or copying of this communication is strictly prohibited. If you have received this e-mail in error, please notify me immediately by responding to this e-mail or by telephone, and delete the material from your computer. Thank you.

_____ Information from ESET NOD32 Antivirus, version of virus
signature database 5173 (20100604) _____

The message was checked by ESET NOD32 Antivirus.

<<http://www.eset.com>><http://www.eset.com> <<http://www.eset.com/>><<http://www.eset.com/>>

_____ Information from ESET NOD32 Antivirus, version of virus
signature database 5229 (20100625) _____

The message was checked by ESET NOD32 Antivirus.

<<http://www.eset.com>><http://www.eset.com> <<http://www.eset.com/>><<http://www.eset.com/>> [attachment "Serritella 2.pdf" deleted by Dave Clark/
FMB CERT] ----- This electronic message
and any files transmitted with it are the property of First Midwest Bank
and/or its affiliate, are confidential and/or privileged, and/or intended
solely for the use of the individual(s) and/or entity(ies) to whom this
message is addressed. If you are not the addressee or one of the named
addresses or otherwise have reason to believe that you have received this
message in error; please notify the sender by replying to this message and
deleting it immediately from any computer. Any review, retention,
dissemination, retransmission or other use of this information is strictly
prohibited.

----- End of Forwarded Message

IN THE UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

UNITED CENTRAL BANK,)
) Docket No. 10 C 331
Plaintiff,)
) Chicago, Illinois
v) August 26, 2010
) 9:39 a.m.
KANAN FASHIONS, INC.,)
)
Defendant)

TRANSCRIPT OF PROCEEDINGS
BEFORE THE HONORABLE MICHAEL T. MASON

PRESENT:

For the Plaintiff: VILIA M. DEDINAS
NADA DJORDJEVIC
Boodell & Domanskis LLC
205 North Michigan Avenue
Suite 4307
Chicago, Illinois 60601

For the Defendant: ALAN R. BORLACK
ERIC G. GROSSMAN
Bailey, Borlack and Nadelhoffer
and Carroll
135 South LaSalle Street
Suite 3950
Chicago, Illinois 60603

(TRANSCRIBED FROM DIGITAL RECORDING.
PLEASE SUPPLY CORRECT SPEAKER IDENTIFICATION)

Court Reporter: Lois A. LaCorte
219 South Dearborn Room 1918
Chicago, Illinois 60604
(312) 435-5558



1 actually have that are active files. So on the back-up tapes are
2 just copies of the files we already had, which is in the list we
3 sent them of all the, the catalog on May 28th, it listed them
4 out. And we then collected the files and the e-mails and have
5 put them on a drive and have, with regard to the server at the
6 warehouse, I haven't been directly involved beyond working with
7 counsel.

8 THE COURT: Let me go back one step. You put them on a
9 tape?

10 MR. GARY: No, on a separate drive.

11 THE COURT: All right. And what did you do with that?

12 MR. GARY: Counsel -- gave them to counsel.

13 THE COURT: You gave them to whom?

14 MR. GARY: To Counsel Grossman.

15 MR. GROSSMAN: They are at the Oak Brook office. They
16 will be shipped to Digital Reef.

17 THE COURT: Okay. So they're still in your possession.

18 MR. GROSSMAN: They are in our possession.

19 THE COURT: This is what I'm trying to find out, okay?
20 Go ahead now. And when are they going to be shipped?

21 MR. GROSSMAN: Monday, your Honor.

22 THE COURT: All right.

23 MR. GARY: And with regard to the warehouse server, I
24 have informed counsel and they have been working on it, getting
25 access to that server. We simply don't have access. I have

1 informed Counsel Grossman of this. And that's where that stands.
2 I can't speak to anything with regard to that.

3 THE COURT: And can you tell me why you don't have
4 access?

5 MR. GARY: I defer to counsel. I don't know.

6 THE COURT: All right.

7 MR. BORLACK: This particular server is in the
8 warehouse. That was foreclosed upon by First Midwest Bank.

9 THE COURT: And this was done back in March?

10 MR. BORLACK: Yes. And I can't verify a particular
11 date. Maybe counsel has a date, but I thought they had spoken
12 with them. Maybe I'm wrong.

13 In any event, there is a lien on the server, not by
14 First Midwest Bank, by Associated Bank, which I think is the
15 seller. We have been, my client Mr. Shaw, has been negotiating
16 to purchase it back from Associated Bank.

17 THE COURT: Since when?

18 MR. BORLACK: For months. He was out of the country,
19 however, in July. We understand that in August, I believe on or
20 about August 9th, Mr. Shaw was able to send an e-mail saying we
21 now have, we think we have a deal. We have a purchase price we
22 can agree to in principle. But we haven't heard back from them.

23 THE COURT: That's since August 9th?

24 MR. BORLACK: August 9th, sir. And Mr. Shaw advised us
25 he has called again and, several times, and he has not been able

1 to receive anything other than a voice mail. It may be that
2 somebody is on vacation. We tried again yesterday.

3 THE COURT: You know what? Vacations are going to have
4 to come to an end then because this thing has dragged out far too
5 long. So you put your people on notice and you put your people
6 on notice. We are going to move this along.

7 Now, what I want from both sides, and I don't want you
8 to be talking to each other about this, I want your version of
9 what has occurred since March and I want a chronology of that,
10 dates and times as to when you received certain information, what
11 you have been doing with it since you received it, and when it's
12 going to be turned over to the other side and vice versa.

13 Any questions about that? I want a chronology from both
14 sides as to what's been going on here.

15 MS. DEDINAS: Your Honor, may I clarify?

16 THE COURT: Sure.

17 MS. DEDINAS: Is this chronology regarding --

18 THE COURT: Everything that has gone on since you have
19 been coming in here telling me that you can't get this and you
20 can't get that. I want to know what conversations you have had
21 with them. I want a regular diary from both sides.

22 MS. DEDINAS: I'm sorry, but I don't --

23 THE COURT: Go right ahead and ask.

24 MS. DEDINAS: I don't know that there is any issue with
25 respect to the bank's production.

Date: Sat, 28 Aug 2010 12:56:13 -0500
Subject: Fwd: Kanan Fashions Lease with Associated Bank
From: Mehul Shah <mshah@kanangroup.com>
To: dave.clark@firstmidwest.com

Hello Dave,
I hope you have seen my email below.
I have a commitment for borrowing the funds to buy back the lease & the guarantee of Associated bank .However, the lender may not wait for long.
Please advise.

Thank you.

Mehul Shah

----- Forwarded message -----

From: Mehul Shah <<mailto:mshah@kanangroup.com>mshah@kanangroup.com>
Date: Mon, Aug 9, 2010 at 9:46 AM
Subject: Re: Kanan Fashions Lease with Associated Bank
To: <mailto:dave.clark@firstmidwest.com>dave.clark@firstmidwest.com

Dave,
I will be in a position to raise the funds necessary to buy back the lease & the guarantee from FMB by early part of August 16 week.
I am sorry it took me longer than I anticipated to raise these funds contrary to the end of July as I mentioned on my last email dated June 28,10.

Thank you.

Mehul Shah

On Mon, Jun 28, 2010 at 3:55 PM, Mehul Shah
<<mailto:mshah@kanangroup.com>mshah@kanangroup.com> wrote:

Dave,
As discussed over the phone I would appreciate if associated can be settled at \$ 60,000. If you feel it is not working out than we should accept this offer from Associated at \$ 65,000 and proceed to purchase the lease and guaranty .
As you know I am traveling overseas and won't return until mid July. While I want to work out lease terms with Darwin Realty when I return, I want to keep the lease separate from this matter with Associated. So if possible I



would like to have FMB buy the lease and guaranty from Associated as quickly as Bill can arrange it and once I return to Chicago, I will arrange to repay FMB the \$65,000 and repurchase the lease and guaranty from you at that time. You can assume I will be in a position to close on this aspect with you no later than July end, 2010. Please let me know if this arrangement is satisfactory to you. Thanks again.

Regards,

Mehul

On Mon, Jun 28, 2010 at 8:58 AM,
<<mailto:Dave.Clark@firstmidwest.com>Dave.Clark@firstmidwest.com> wrote:

The offer from Associated is now at \$65,000 so I think we should settle. Then you should talk to Darwin about the lease.

Dave Clark
Vice President
First Midwest Bank
One Pierce Place
Suite 1500
Itasca, Illinois 60143
Phone: (630) 875-7400

----- Forwarded by Dave Clark/FMBCERT on 06/28/2010 08:55 AM -----

From: William Serritella
<<mailto:wserritella@agdglaw.com>wserritella@agdglaw.com>
To: ""<mailto:Dave.Clark@firstmidwest.com>Dave.Clark@firstmidwest.com""
<<mailto:Dave.Clark@firstmidwest.com>Dave.Clark@firstmidwest.com>
Date: 06/26/2010 06:53 AM
Subject: Fw: Kanan Fashions Lease

Let's talk.

From: Tina Jacobs
To: William Serritella
Cc: Dieterich, James

Sent: Fri Jun 25 15:31:08 2010
Subject: FW: Kanan Fashions Lease
Bill,

After careful consideration and analysis, Associated Bank has authorized me to revise the purchase price for the assignment of lease and guaranty of the Kanan Fashions lease from \$370,000.00 to \$65,000.00. This is obviously a significant reduction in the amount due to the Bank and a minimum amount it can accept to complete this assignment transaction. This counter-offer is being tendered in good faith and is not intended to solicit further offers, as the Bank is looking to keep all fees and expenses to a minimum. Please discuss this counter-offer with your client and advise me as soon as possible whether this matter can be settled for the proposed amount. Thank you.

Tina

From: Tina Jacobs
[<mailto:tjacobs@jonesandjacobs.com>mailto:tjacobs@jonesandjacobs.com]
Sent: Friday, June 04, 2010 4:46 PM
To: '<mailto:wserritella@agdglaw.com>wserritella@agdglaw.com'
Cc: 'Dieterich, James'
Subject: Kanan Fashions Lease

Please see attached.

Tina M. Jacobs, Esq.
Jones & Jacobs
77 W. Washington Street
Suite 2100
Chicago, Illinois 60602
(312) 419-0700 phone
(312) 419-9114 fax

IMPORTANT: This e-mail transmission is intended only for the use of the individual or entity to which it is addressed and may contain information that is privileged, confidential or exempt from disclosure under applicable law. If the reader of this message is not the intended recipient, you are hereby notified that any dissemination, distribution or copying of this communication is strictly prohibited. If you have received this e-mail in error, please notify me immediately by responding to this e-mail or by telephone, and delete the material from your computer. Thank you.

----- Information from ESET NOD32 Antivirus, version of virus

signature database 5173 (20100604) -----

The message was checked by ESET NOD32 Antivirus.

<<http://www.eset.com/>><http://www.eset.com>

----- Information from ESET NOD32 Antivirus, version of virus
signature database 5229 (20100625) -----

The message was checked by ESET NOD32 Antivirus.

<<http://www.eset.com/>><http://www.eset.com>[attachment "Serritella 2.pdf"
deleted by Dave Clark/FMBCERT] -----

This electronic message and any files transmitted with it are the property of First Midwest Bank and/or its affiliate, are confidential and/or privileged, and/or intended solely for the use of the individual(s) and/or entity(ies) to whom this message is addressed. If you are not the addressee or one of the named addresses or otherwise have reason to believe that you have received this message in error; please notify the sender by replying to this message and deleting it immediately from any computer. Any review, retention, dissemination, retransmission or other use of this information is strictly prohibited.

Mehul Shah, 8/30/10 8:36 AM -0500, Fwd: Fwd: Kanan Fashions Lease with Associated

1

Date: Mon, 30 Aug 2010 08:36:35 -0500

Subject: Fwd: Fwd: Kanan Fashions Lease with Associated Bank

From: Mehul Shah <mshah@kanangroup.com>

To: "Alan R. Borlack" <aborlack@bbn-law.com>,

"Steven H. Blumenthal" <sblumenthal@muchshelist.com>, Paresh Joshi
<pjoshi@kanangroup.com>

Alan /Steve,

Please call me ASAP.

Mehul

----- Forwarded message -----

From: <Dave.Clark@firstmidwest.com>

Date: Mon, Aug 30, 2010 at 8:29 AM

Subject: Re: Fwd: Kanan Fashions Lease with Associated Bank

To: Mehul Shah <mshah@kanangroup.com>

Mehul

I am very sorry, but as I told you back in July, I was very anxious to sell the computer. As I was entering into a contract to sell the warehouse, I had to find someone to take the computer. I finalized the transaction with Associated Bank for a buyer in Dubai. The money was wired and they picked up the computer the following day. Again, I am sorry, but I waited through the end of July and could not wait any longer.

Dave Clark

Vice President

First Midwest Bank

One Pierce Place

Suite 1500

Itasca, Illinois 60143

Phone: (630) 875-7400

From: Mehul Shah <mshah@kanangroup.com>

To: dave.clark@firstmidwest.com

Date: 08/28/2010 12:56 PM

Subject: Fwd: Kanan Fashions Lease with Associated Bank

Hello Dave,

I hope you have seen my email below.

I have a commitment for borrowing the funds to buy back the lease & the guarantee of Associated bank. However, the lender may not wait for long.
Please advise.

Thank you.

Printed for "Alan R. Borlack" <aborlack@bbn-law.com>



1

Mehul Shah, 8/30/10 8:36 AM -0500, Fwd: Fwd: Kanan Fashions Lease with Associated

2

Mehul Shah

----- Forwarded message -----

From: **Mehul Shah** <mshah@kanangroup.com>

Date: Mon, Aug 9, 2010 at 9:46 AM

Subject: Re: Kanan Fashions Lease with Associated Bank

To: dave.clark@firstmidwest.com

Dave,

I will be in a position to raise the funds necessary to buy back the lease & the guarantee from FMB by early part of August 16 week.

I am sorry it took me longer than I anticipated to raise these funds contrary to the end of July as I mentioned on my last email dated June 28,10.

Thank you.

Mehul Shah

On Mon, Jun 28, 2010 at 3:55 PM, Mehul Shah <mshah@kanangroup.com> wrote:

Dave,

As discussed over the phone I would appreciate if associated can be settled at \$ 60,000. If you feel it is not working out than we should accept this offer from Associated at \$ 65,000 and proceed to purchase the lease and guaranty .

As you know I am traveling overseas and won't return until mid July. While I want to work out lease terms with Darwin Realty when I return, I want to keep the lease separate from this matter with Associated. So if possible I would like to have FMB buy the lease and guaranty from Associated as quickly as Bill can arrange it and once I return to Chicago, I will arrange to repay FMB the \$65,000 and repurchase the lease and guaranty from you at that time. You can assume I will be in a position to close on this aspect with you no later than July end, 2010. Please let me know if this arrangement is satisfactory to you. Thanks again.

Regards,

Mehul

On Mon, Jun 28, 2010 at 8:58 AM, <Dave.Clark@firstmidwest.com> wrote:

The offer from Associated is now at \$65,000 so I think we should settle. Then you should talk to Darwin about the lease.

Dave Clark
Vice President
First Midwest Bank
One Pierce Place
Suite 1500
Itasca, Illinois 60143
Phone: (630) 875-7400

----- Forwarded by Dave Clark/FMBCERT on 06/28/2010 08:55 AM -----

From: William Serritella <wserritella@agdgilaw.com>

To: "Dave.Clark@firstmidwest.com" <Dave.Clark@firstmidwest.com>

Printed for "Alan R. Borlack" <aborlack@bbn-law.com>

2

Mehul Shah, 8/30/10 8:36 AM -0500, Fwd: Fwd: Kanan Fashions Lease with Associated

3

Date: 06/26/2010 06:53 AM

Subject: Fw: Kanan Fashions Lease

Let's talk.

From: Tina Jacobs
To: William Serritella
Cc: Dieterich, James
Sent: Fri Jun 25 15:31:08 2010
Subject: FW: Kanan Fashions Lease
Bill,

After careful consideration and analysis, Associated Bank has authorized me to revise the purchase price for the assignment of lease and guaranty of the Kanan Fashions lease from \$370,000.00 to \$65,000.00. This is obviously a significant reduction in the amount due to the Bank and a minimum amount it can accept to complete this assignment transaction. This counter-offer is being tendered in good faith and is not intended to solicit further offers, as the Bank is looking to keep all fees and expenses to a minimum. Please discuss this counter-offer with your client and advise me as soon as possible whether this matter can be settled for the proposed amount. Thank you.

Tina

From: Tina Jacobs [<mailto:tjacobs@jonesandjacobs.com>]
Sent: Friday, June 04, 2010 4:46 PM
To: 'wserritella@agdgllaw.com'
Cc: 'Dieterich, James'
Subject: Kanan Fashions Lease

Please see attached.

Tina M. Jacobs, Esq.
Jones & Jacobs
77 W. Washington Street
Suite 2100
Chicago, Illinois 60602
(312) 419-0700 phone
(312) 419-9114 fax

IMPORTANT: This e-mail transmission is intended only for the use of the individual or entity to which it is addressed and may contain information that is privileged, confidential or exempt from disclosure under applicable law. If the reader of this message is not the intended recipient, you are hereby notified that any dissemination, distribution or copying of this communication is strictly prohibited. If you have received this e-mail in error, please notify me immediately by responding to this e-mail or by telephone, and delete the material from your computer. Thank you.

Information from ESET NOD32 Antivirus, version of virus signature database 5173
(20100604)

The message was checked by ESET NOD32 Antivirus.

Mehul Shah, 8/30/10 8:36 AM -0500, Fwd: Fwd: Kanan Fashions Lease with Associated

4

<http://www.eset.com>

Information from ESET NOD32 Antivirus, version of virus signature database 5229
(20100625)

The message was checked by ESET NOD32 Antivirus.

<http://www.eset.com>[attachment: "Serritella 2.pdf" deleted by Dave Clark/FMBCERT]

----- This electronic message and any files transmitted with it are the property of First Midwest Bank and/or its affiliate, are confidential and/or privileged, and/or intended solely for the use of the individual(s) and/or entity(ies) to whom this message is addressed. If you are not the addressee or one of the named addresses or otherwise have reason to believe that you have received this message in error; please notify the sender by replying to this message and deleting it immediately from any computer. Any review, retention, dissemination, retransmission or other use of this information is strictly prohibited.